



STEP (UK)

**Annual Report and
Financial Statements**

**1st January 2024-
31st December 2024**

STEP (UK) is a child protection Charity
working to improve the lives of
vulnerable children and young people in
the Kurdish region of Iraq.

Registered Charity Number: 1125183. Principal Address: PO Box 801, Southsea, Hampshire, PO1 9EJ Company Registration Number: 6285570, incorporated in England and Wales Registered Address: Market House, 21 Lenten Street, Alton, Hants, GU34 1HG

MISSION

STEP's mission is to help the most vulnerable children in Iraq in a way that becomes locally sustainable.

VALUES

Integrity And Trustworthiness

STEP values honesty and openness therefore aims to work in ways that build trust and accountability and promote transparency.

Professionalism

STEP aims to do things with excellence and is committed to professional development, drawing on the evidence of 'what works' both from within the organisation and externally.

Human Dignity For All

STEP cares about and aims to validate the dignity in all people, especially children.

Diversity and Inclusion

STEP respects all people, irrespective of their nationality, ethnicity and religion, and works to create safe inclusive spaces.

Adaptability

STEP wants to always be open responsive, flexible and innovative in how it responds to the context it operates in. STEP is keen to always be developing and learning as an organisation.

Child Participation

The voice and opinion of children are central to everything we do. STEP ensures child consultation and participation, and ownership is embedded in every project.

CONTENTS

4–19	Trustees’ report	22	Statement of financial activities
20	Statement of trustees’ responsibilities	23	Balance sheet
21	Independent examiner’s report	24–34	Notes to the financial statements



DESCRIPTION

STEP delivers safe spaces and child protection services for displaced and refugee children, including provision of **psychosocial, educational, and recreational services**. We focus on improving refugee children's **mental health and wellbeing**, by providing ways to process trauma and **psychosocial support**. Services for children with special needs are of special concern as these children and their families are often isolated without support. We treat every child as an individual, tailoring support to every unique case, mindful that out-of-school children are at greater risk of abuse and exploitation. **We work to tackle the root causes** e.g. discuss the benefits of education (of girls in particular) with parents, to work to gain permission for children to attend school. Through our work on establishing a **Foster Care System**, we also work closely with the Kurdish government to help influence systems and advocate for children's needs at a strategic level.

TRUSTEE DIRECTOR'S REPORT

The Trustees, who are also directors, present their report and accounts for the year ended 31 December 2024.

*The accounts have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS).

DIRECTORS/TRUSTEES

The trustees, who are also the directors for the purpose of company law, and who served during the period were:

Megan Dalton (Chair)
Ian Wilson (Treasurer)
Paul Susans
Werner Nijman

STRUCTURE, GOVERNANCE AND MANAGEMENT

STEP (UK) is a Charitable company, limited by guarantee. The company was incorporated in 2007 as 'STEP (UK) 2007 Ltd', and subsequently adopted its present name. It is referred to as STEP. The company memorandum and articles form the organisation's governing documents.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Recruitment of Trustees: STEP advertises within a network of supporters and contacts, considering the need to advertise widely in a cost-effective manner. Decisions are made on a consensus basis by the trustees/directors. Where training needs are identified, these are met either on a peer-to-peer basis utilising existing skills within the charity, or where appropriate, sourced externally.

Information Trustees Receive: The trustees/directors met regularly throughout the period to set and monitor the strategic direction of the organisation, review income and expenses and consider risks and mitigations. The directors received reports from the operating region at each meeting, providing assurance that funds are used appropriately and correctly for the benefit of children and young people in the Kurdish Region of Iraq. Reports were also received from visitors to the operating region, confirming the success of the work to which funds were applied. Day to day operations are delegated to the Projects Co-ordinator and Country Director.

There have been no significant organisational changes in the period.

The charity has taken advantage of the exemption from the audit requirement contained in section 477 of the Companies Act 2006. The statutory accounts are the subject of an independent examination rather than a full audit. In addition, our largest funders carry out their own reviews and examinations, and the results of these examinations are reviewed by the trustees and made available to the independent examiner. The Treasurer also performs additional controls to ensure the integrity of the financial data received from Iraq.

FINANCIAL REVIEW

The accounts for 2024 are for a 12 month period while the comparative results for 2023 were for a shortened 9 month period.

Total income for the 12 months was £225,000 (2023: £280,000), of which £166,000 (2023: £246,000) was restricted money for humanitarian projects. Putting the comparatives on an annualised basis, the real drop in income has been significant over the financial year. The bulk of the charity's restricted funding has been to support our programmes in the Arbat Refugee camp. An explanation of each restricted funding stream is included in note 15 in the accounts. Unrestricted income for the 12 months at £59,000 (2023: £33,000) which is a 34% increase in real terms. This is encouraging, our core donor base has continued to support the charity.

Operating expenditure for the 12 months at £310,000 (2023: £268,000). This is a decline however is less than the decline in income over the reporting period. It has proved difficult to bring operating costs down in line with operating income given the staffing demands of our projects and the level of support costs required in Iraq. Staff in Iraq continue to work for the same salaries, and hours are being reduced going forward. The net movement in funds for 12 months is a deficit of £92,000. This is a substantial deficit and indicative of the challenges facing the charity going forward. This is discussed in the Outlook below.

Total funds as of 31 December 2024 stood at £178,000 of which £119,000 was restricted for humanitarian projects.

RESERVES POLICY

The charity has a policy of maintaining adequate unrestricted cash reserves in Iraq to permit an orderly exit of international staff and a settling of the charity's financial obligations, if for some reason the charity had to cease operations. The charity's obligations to local staff would in those circumstances be fulfilled by payments from the Staff Benevolent Fund, for which there is a separate cash reserve that mirrors the liability included in the balance sheet. There would be additional expenses in Iraq arising in the closure of operations in Iraq but a cash reserve of USD 20,000 should be more than adequate to cover these costs. The level of reserves required in the UK to permit an orderly wind up of the charity's affairs are estimated at no more than £15,000.

PUBLIC BENEFIT

The board has taken due regard of the guidance on public benefit published by the Charity Commission in exercising its powers and duties. It is confident that the aims of the organisation and allocation of resources fully satisfy the public benefit requirements.

OBJECTIVES AND ACTIVITIES

Agreed strategic objectives for the period:

1. Deliver child protection services and psychosocial support for refugees, internally displaced children and local children located in the Sulaymaniyah governorate in the Kurdish region of Iraq.
2. Continue the provision and support of education in the centres for vulnerable children.
3. Continue supporting the government in the development of a government implemented foster care system.

STAFFING IN 2024

10 full-time national staff
23 part-time staff
4 international staff
6 volunteers
2 part-time staff in the UK





CHILD WELFARE SERVICES AND SUSTAINABILITY PROGRAMMING

STEP continued to support families that fled due to conflict and are now in the Sulaymaniyah Governorate of Iraq. In the Arbat refugee camp for Syrian refugees STEP provides:

Direct services to children through our child friendly spaces for school aged children and pre-school children.

A Child Protection Unit (CPU)

Educational support

Tailored support of children with special needs

Psychosocial, peace-building and recreational activities

Our aim is to provide support tailored to the unique circumstances of each child, helping them to thrive.

STEP sees capacity building as a strategic priority for sustainable programming and has increased the training, mentoring and awareness raising of Child Protection issues across projects.

ARBAT REFUGEE CAMP (ARC)

1,534 different children (755 girls and 779 boys) and youths were provided age and gender appropriate community based psychosocial activities in the Arbat Refugee Camp, Sulaymaniyah.

THE CHILD FRIENDLY SPACES

‘My son stopped being stubborn and now loves going to school because he feels good at school after taking lessons in the STEP friendly space.’
Father – Arbat Refugee camp.

935 children benefitted from educational support through the Child Friendly Space.

A total of 32,248 visits were made to the child and youth friendly spaces.

A key part of the Child Friendly Spaces is to provide homework support and additional lessons to support and encourage children to stay in education. Specific extra lessons are given in key subjects requested by the children.

In STEP’s Child Friendly Space:


**935 children
(457 boys, 478 girls)
participated in and
benefited from
homework
support**

**122
grade 9 to
grade 12 students
(44 boys, 78 girls)
participated in specific
extra lessons in Sorani
Kurdish, Mathematics
and Science with
2,886 visits.**

THE LITTLE FRIENDLY SPACE

The Little Friendly Space for children aged 3 up until primary school supported 734 children with early childhood development activities. Through structured play, routines, and early childhood development, children are better prepared for school and more likely to succeed long-term. By working closely with parents (many of whom have little education) the project helps families understand how to support their children's growth at home. This early intervention not only nurtures each child's development but also strengthens the role of caregivers, empowering families on their journey to greater independence. The inclusion of children with special needs ensures that no child is left behind.

In STEP's Little Friendly Space:



**"My children
always repeat the
letters and numbers
at home, and they try
to teach us too!"
PARENT – REFUGEE
CAMP**



**734 children
aged 4–6 participated
in early childhood
development activities
(337 girls and 397 boys)
with a combined
18,094 visits to the
Little Friendly Space
by these children.**

THE CHILD PROTECTION UNIT (CPU)

253 vulnerable and at-risk children were provided with case management. This included children who experienced displacement, conflict, violence, abuse, exploitation (including child survivors of Gender Based Violence (GBV), and children who need professional psychosocial support services).

677 cases (284 girls/ 393 boys) were followed up and provided support by the Child Protection Unit.

Awareness sessions were provided for adults. Topics included: child protection, child labour, domestic violence, education.

SPECIAL NEEDS UNIT (SNU)

STEP has a specific Special Needs Unit in the refugee camp, in cooperation with the Child Protection Unit, as there is a significant demand for support.

The difficulties that the children face include autism, global delay, speaking disorders, cerebral palsy, ADHD, Downs syndrome and post-traumatic stress disorder. Relevant training and treatments were provided, including breathing training for speaking disorder cases, cognitive skills development for global delay and autistic cases and training on how to pronounce letters and sounds for the children who have speaking difficulties. Home visits were made to provide services to children who cannot visit the space. Children that struggled with social skills were encouraged to participate in the Little Friendly Space, Child Friendly Space and Youth Friendly Space activities according to their ages with the goal of integrating them with their peers, to help them build friendships and to decrease their isolation. STEP promotes a mainstreaming approach in all our programming. **63 children and their families (45 boys and 18 girls) benefitted from targeted Special Needs interventions through the Special Needs Unit.** There remains a waiting list.

LAYLA'S STORY

Layla suffers from severe autism, as well as showing behavioural disorders, nervousness and speech disorders. She was supported by home visits she refused to move from her sitting position in a wooden box and would throw away any toy offered to her. But after repeated visits, she began asking us not to leave through gestures. Her communication has developed and she now chooses from the toys offered, pointing and making sounds. The wooden box was taken away, she now smiles at us when we visit her and hugs us. It is a wonderful feeling when you notice that she has begun to want the sessions and her attempts to prevent us from leaving. The parents are very thankful for the wonderful changes they see in their daughter and work with us to bring further steps in her learning, communication and physical development. The mother shared that her daughter had kissed her for the first time in her life since we began working with this family which was an emotional moment'

Special Needs staff member.

ADVENTURE THERAPY

Outdoor activities and climbing are used to build resilience, concentration and trust. 165 children took part in climbing activities in 2024 and 18 outdoor activities took place in different sites. For many this is the only time they can leave the confines of the camp. Sessions foster teamwork, trust and communication skills. Beyond the physical challenge outdoor activities provide proven mental health benefits, a space for personal growth, confidence and emotional well-being.



WOMEN'S LIVELIHOOD PROGRAMME

In 2024, 47 women participated in STEP's sewing and knitting training (2256 visits).

Many gained skills to make clothing for their families and some found employment. Awareness sessions on parenting and self-care provided additional support.

YOUTH EMPOWERMENT

Life skills training was provided for young people in Sulaymaniyah city, mostly university students. 254 students participated in 8 sessions.

The training covered the following topics:

LEADERSHIP

COMMUNICATION
SKILLS

TEAMBUILDING

TIME
MANAGEMENT

ADVOCACY AND
ACTIVITY PLANNING

CV WRITING

INTERVIEW
TECHNIQUES

BARIKA VILLAGE

for Iranian Refugees

STEP provided a safe place for Iranian refugee girls and women in Iraq to feel confident and free and to express themselves. There is an extremely high level of illiteracy in the village due to a lack of provision in the past. There is a strong desire to learn and project has a strong community basis, enabling women and girls to reduce vulnerability and seize new opportunities, for example opening a small home business.

The following services were provided:

Literacy classes: 59 different participants

English classes: 85 different participants

Awareness sessions: 122 different participants

Sewing and knitting sessions: 78 different participants

Girls football sessions : 67 different participants

Walking/ climbing activities: 40 different participants

This project promoted gender equality and empowered women to improve their own lives and the lives of their families and community.

GULZAR'S STORY

Many women in the Barika refugee village were illiterate. Our literacy classes taught: Maths, the Kurdish alphabet, and Latin script—essential for online communication. In 2024, 21 women advanced to grade two – a major achievement.

At their graduation ceremony, Gulzar (right) a graduate, shared how learning to read transformed her life. Once shy and reliant on others, she now confidently shops alone and texts friends, feeling truly empowered. The celebration was filled with pride and joy, highlighting the life-changing impact of education.



DROP IN CENTRE (DIC)

Our local partner STEP Iraq is now running the Child Friendly Space (CFS) in the heart of the Sulaymaniyah bazar called the Drop-in Centre (DIC), which opened its doors to working children on the 2nd January 2002. The centre provides psychosocial, educational, and medical support as well as recreational activities.

STEP UK implemented the literacy and education project in the Centre. The main objectives were to provide literacy and numeracy classes to the most vulnerable children who were not attending school at all, to support those children attending school but also coming to the market and to overcome barriers to education for children that wanted to enroll in school.

Literacy classes, 198 different children participated in literacy and numeracy sessions.

919 sessions of homework support sessions/ extra lessons were provided

196 different children participated in the extra lessons

22 children returned to school, and 25 visits were made to schools

85 home visits were made

School stationery was provided for 38 children and schoolbooks were provided for 26 children.

As a response to the needs identified, the centre staff distributed food packages to 15 vulnerable families.

This financial year 1049 different children benefited from the Drop in Centre with 14,075 visits to the DIC.

The Drop-in Centre remained a safe place for many of the most vulnerable children in the city and surrounding area. The centre is located in the middle of the Bazaar where most of the children work or beg. This has allowed the centre to provide specific rooms and activities for girls as well as more targeted therapeutic and psychosocial activities for the children. It has also become a place where children learn tolerance and acceptance of those who are different.

"I want to thank you for helping me with my lessons, I feel safe inside the DIC, and I loved the equality among everyone as there was no difference in treatment between nationalities within the DIC, I hope that you will continue your support for children."





FOSTER CARE

STEP has continued to work supporting the Kurdish Regional Government to establish and develop a foster care system. A government operated Foster Care Unit was established in 2016. Currently there are 22 foster families approved, and 23 children placed within 21 foster families. STEP provided technical support, training and mentoring to the Foster Family Section (FFS) social workers and staff.

Progress has been made on the delivery and implementation of this exciting, strategic change in the region. Nine procedural manuals were printed and presented to MOLSA.

In 2024 STEP provided:

IT support,
5 training sessions
for new social
workers, mentoring
and supported 117
home visits

24 sessions
with foster carers.
15 that modelled
different aspects of play
with the children in
their care. We also
established a toy
lending library.

At the
end of 2024,
21 foster families
were caring for
23 children.

The Governmental Department of Social Care and Development is implementing and running the foster family system.

RISK MANAGEMENT

The directors have considered the major risks to which the organisation is exposed and identified appropriate mitigating actions where possible. The largest risks relate to the security of staff and the funding of the charity's operations. The funding situation is discussed in the Outlook section below. On security, the directors have a security advisor to ensure that security in the region is monitored closely. A security update is given at every trustee meeting – a security plan and protocols are in place. All risks are reviewed at trustee meetings as well as intermittently when advised of any major change. The charity is also exposed to exchange rate risk. Iraq is effectively a 'dollar based' economy, and STEP (UK) now receives the majority of its funding in Sterling and Euros. In addition, there are regulatory issues (compliance with money laundering regulations and UN sanctions) when operating in Iraq. So far, the charity has successfully navigated these issues. It complies with all local and international regulations and provides transparent information to our banks in the UK and Iraq. Nevertheless, there is always a risk that STEP (UK)'s operations could be impacted by political and financial issues beyond its control. Other risks are reviewed periodically by directors and project leaders and in trustee meetings.

OUTLOOK

At the end of 2024 the charity had £178,000 in reserves, mainly held in cash. The current year (2025) is again proving very challenging, and a further deficit is anticipated. Nevertheless, the directors are confident there will be adequate reserves at the end of 2025 and are taking actions to ensure the charity continues its important work into the following year. Costs are being cut in Iraq particularly in staffing which is our highest expenditure. On the funding side, the charity is making several appeals through The Big Give. These have been successful in the past and the directors are reasonably confident that the seasonal appeals later this year will achieve similar amounts to previous years. The charity is actively pursuing other initiatives to raise funds including applying for grants from trusts and foundations, both from new donors and previous donors. While the outlook is uncertain, the directors believe sufficient of these initiatives should bear fruit to be able to continue our core objectives.

THANK YOU

STEP would like to thank the following trusts and foundations for their support and partnership over this reporting period.

Educational Opportunity Foundation

The Otto Per Mille Chiesa Valdese <https://www.ottopermillevaldese.org/>

The Big Give and their partner Trusts and Foundations

Allen and Nesta Ferguson Charitable Trust

GCR

SHA Post

Appreciation is also given to the many individual supporters of STEP who have:

Donated financially

Undertaken daring sponsored activities

Given of their time

Knitted trauma teddies and children's jumpers

Given in kind gifts to the project

FOR MORE INFORMATION

Please see our website at www.step-uk.org or contact us info@step-uk.org

The report was approved by the trustees on: 30th Aug 2025



**Megan Dalton - Chair of Trustees
For and on behalf of the Board**

STEP (UK)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2024

The trustees, who are also the directors of Step (UK) for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STEP (UK)

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF STEP (UK)

I report to the trustees on my examination of the financial statements of Step (UK) (the charity) for the year ended 31 December 2024.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law), you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006.

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the Companies Act 2006 and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011. In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the Charities Act 2011.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the Companies Act 2006;
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the Companies Act 2006 other than any requirement that the financial statements give a true and fair view, which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



Frances Wilde FCCA DChA

Warner Wilde Limited

Chartered Certified Accountants

4 Marigold Drive

Bisley

Surrey

GU24 9SF

Date:

16 September 2025

STEP (UK)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

		Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
	Notes						
Income and endowments from:							
Donations and legacies	3	57,937	166,177	224,114	32,656	246,039	278,695
Other income	4	912	-	912	834	-	834
Total income		<u>58,849</u>	<u>166,177</u>	<u>225,026</u>	<u>33,490</u>	<u>246,039</u>	<u>279,529</u>
Expenditure on:							
Raising funds	5	6,969	-	6,969	6,892	-	6,892
Charitable activities	6	78,314	225,075	303,389	73,977	186,943	260,920
Total expenditure		<u>85,283</u>	<u>225,075</u>	<u>310,358</u>	<u>80,869</u>	<u>186,943</u>	<u>267,812</u>
Net income/(expenditure)		(26,434)	(58,898)	(85,332)	(47,379)	59,096	11,717
Other recognised gains and losses:							
Other gains/(losses)	12	(2,201)	(4,581)	(6,782)	3,682	3,364	7,046
Net movement in funds	7	(28,635)	(63,479)	(92,114)	(43,697)	62,460	18,763
Reconciliation of funds:							
Fund balances at 1 January 2024		87,695	182,479	270,174	131,392	120,019	251,411
Fund balances at 31 December 2024		<u>59,060</u>	<u>119,000</u>	<u>178,060</u>	<u>87,695</u>	<u>182,479</u>	<u>270,174</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

STEP (UK)

BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024 £	£	2023 £	£
Fixed assets					
Tangible assets	13		4,288		6,320
Current assets					
Debtors	14	15,075		50,114	
Cash at bank and in hand		227,768		293,674	
		242,843		343,788	
Creditors: amounts falling due within one year	15	(69,071)		(79,934)	
Net current assets			173,772		263,854
Total assets less current liabilities			178,060		270,174
The funds of the charity					
Restricted income funds	17	119,000		182,479	
Unrestricted funds	18	59,060		87,695	
		178,060		270,174	

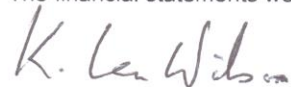
The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2024.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the trustees on 30th August 2025



Ian Wilson (Treasurer)

Trustee

Company registration number 6285570 (England and Wales)

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

Charity information

Step (UK) is a private company limited by guarantee incorporated in England and Wales. The registered office is Market House, 21 Lenten Street, Alton, Hampshire, GU34 1HJ.

1.1 Reporting period

The reporting period ended 31 December 2023 is a nine month period, the comparative period is for the twelve months ended 31 March 2023 and therefore the figures for the two accounting periods are not completely comparable.

1.2 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The accounts are prepared in sterling, the functional currency of the charity is US Dollars. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.3 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.5 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.6 Expenditure

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Overheads are apportioned to activities on a reasonable basis for example, hours engaged in different activities for staff costs or floor area for premises costs.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Foreign exchange

Transactions denominated in foreign currencies are recorded at the average rate of exchange during the accounting period.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3 Income from donations and legacies

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Donations and gifts	57,937	96,753	154,690	32,656	132,597	165,253
Project funding for humanitarian relief	-	69,424	69,424	-	113,442	113,442
	<u>57,937</u>	<u>166,177</u>	<u>224,114</u>	<u>32,656</u>	<u>246,039</u>	<u>278,695</u>

4 Other income

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Other income	912	834
	<u>912</u>	<u>834</u>

5 Expenditure on raising funds

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Fundraising and publicity		
Staff costs	6,969	6,892
	<u>6,969</u>	<u>6,892</u>

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

6 Expenditure on charitable activities

	Charitable activities 2024 £	Charitable activities 2023 £
Direct costs		
Staff costs	201,708	162,175
Depreciation and impairment	1,473	1,325
Drop-in Centre	2,782	1,612
Refugee children in camps	17,267	18,219
Foster Care	3,319	4,938
	<u>226,549</u>	<u>188,269</u>
Share of support and governance costs (see note 8)		
Support	69,325	65,436
Governance	7,515	7,215
	<u>303,389</u>	<u>260,920</u>
Analysis by fund		
Unrestricted funds	78,314	73,977
Restricted funds	225,075	186,943
	<u>303,389</u>	<u>260,920</u>

7 Net movement in funds

	2024 £	2023 £
The net movement in funds is stated after charging/(crediting):		
Fees payable for the independent examination of the charity's financial statements	3,179	3,680
Depreciation of owned tangible fixed assets	1,473	1,325
	<u>4,652</u>	<u>5,005</u>

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

8 Support costs

	Support costs £	Governance costs £	2024 £	Support costs £	Governance costs £	2023 £
Staff costs	47,796	-	47,796	40,909	-	40,909
Office, general administration and bank charges	21,529	-	21,529	24,527	-	24,527
Audit fees - Iraq	-	4,336	4,336	-	3,535	3,535
Independent Examination Fees	-	3,179	3,179	-	3,680	3,680
	<u>69,325</u>	<u>7,515</u>	<u>76,840</u>	<u>65,436</u>	<u>7,215</u>	<u>72,651</u>
Analysed between Charitable activities	<u>69,325</u>	<u>7,515</u>	<u>76,840</u>	<u>65,436</u>	<u>7,215</u>	<u>72,651</u>

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, or was reimbursed expenses.

10 Employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Office	9	9
Drop in Centre	2	2
Arbat Refugee Camp	18	21
Youth empowerment and child protection	1	1
Women empowerment	3	3
Total	<u>33</u>	<u>36</u>

Employment costs

	2024 £	2023 £
Wages and salaries	244,819	200,021
Social security costs	11,654	9,955
	<u>256,473</u>	<u>209,976</u>

Staff numbers include part time staff and some posts were not filled for the whole of the accounting period.

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

10 Employees

(Continued)

There were no employees whose annual remuneration was more than £60,000.

11 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

12 Other gains and losses

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Gains/(losses) upon:						
Foreign exchange	2,201	4,581	6,782	(3,682)	(3,364)	(7,046)

13 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2024	42,569
Exchange adjustments	(559)
At 31 December 2024	42,010
Depreciation and impairment	
At 1 January 2024	36,249
Depreciation charged in the year	1,473
At 31 December 2024	37,722
Carrying amount	
At 31 December 2024	4,288
At 31 December 2023	6,320

14 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Other debtors	14,842	47,053
Prepayments and accrued income	233	3,061
	15,075	50,114

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

15 Creditors: amounts falling due within one year

	Notes	2024 £	2023 £
Deferred income	16	19,658	41,688
Other creditors		40,568	31,211
Accruals		8,845	7,035
		<u>69,071</u>	<u>79,934</u>

16 Deferred income

	2024 £	2023 £
Arising from Project Funding	<u>19,658</u>	<u>41,688</u>

Deferred income is included in the financial statements as follows:

	2024 £	2023 £
Deferred income is included within:		
Current liabilities	<u>19,658</u>	<u>41,688</u>
Movements in the year:		
Deferred income at 1 January 2024	41,688	58,376
Released from previous periods	(41,688)	(58,376)
Resources deferred in the year	<u>19,658</u>	<u>41,688</u>
Deferred income at 31 December 2024	<u>19,658</u>	<u>41,688</u>

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

17 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 January 2024	Incoming resources	Resources expended	Transfers	Gains and losses	At 31 December 2024
	£	£	£	£	£	£
BFSS - DIC	2,323	28,283	(27,925)	-	(99)	2,582
St James's Place Charitable Foundation	2,019	-	(2,019)	-	-	-
Other donors [Refugees]	101,312	132,194	(159,335)	-	(2,750)	71,421
Stanley Thomas Johnson Foundation	6,336	(947)	(5,389)	-	-	-
Other donors [Foster care]	6,437	4,489	(15,203)	6,000	-	1,723
Life Skills Training	64,052	2,158	(15,204)	(6,000)	(1,732)	43,274
	<u>182,479</u>	<u>166,177</u>	<u>(225,075)</u>	<u>-</u>	<u>(4,581)</u>	<u>119,000</u>
Previous 9 month period:	At 1 January 2023	Incoming resources	Resources expended	Transfers	Gains and losses	At 31 December 2023
	£	£	£	£	£	£
BFSS - DIC	-	19,826	(17,546)	-	43	2,323
St James's Place Charitable Foundation	-	8,139	(6,157)	-	37	2,019
Other donors [Refugees]	82,842	95,247	(78,644)	-	1,867	101,312
Stanley Thomas Johnson Foundation	9,177	59,577	(62,535)	-	117	6,336
Other donors [Foster care]	-	11,391	(11,073)	6,000	119	6,437
Life Skills Training	28,000	51,859	(10,988)	(6,000)	1,181	64,052
	<u>120,019</u>	<u>246,039</u>	<u>(186,943)</u>	<u>-</u>	<u>3,364</u>	<u>182,479</u>

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

17 Restricted funds

(Continued)

St James's Place Charitable Foundation - child protection work in a Syrian refugee camp in Iraq.

The British and Foreign Schools Society (renamed The Educational Opportunity Foundation in May 2024) gave a grant to STEP (UK) to provide educational teaching in a Drop In Centre for vulnerable and working children in Sulimaniyah. The Drop In Centre is run by STEP (UK)'s sister charity STEP Iraq, with STP (UK) providing a support and advisory role.

Stanley Thomas Johnson Foundation - building resilience for Syrian refugee children in Iraq.

Life Skills Training - An individual donor has given funds for STEP to implement lifeskills training for young people.

Other Donors (Refugees) - these funds, which include the money raised in our annual appeal, are donations from individuals, trusts and other organisations (including The Otto Per Mille Chiesa Valdese) given to support the charity's work in a Syrian refugee camp in Iraq.

Other Donors (Foster Care) - donations from individuals to fund capacity building for a foster care program in Northern Iraq.

18 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 January 2024	Incoming resources	Resources expended	Gains and losses	At 31 December 2024
	£	£	£	£	£
General funds	87,695	58,849	(85,283)	(2,201)	59,060

STEP (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

18 Unrestricted funds (Continued)

Previous 9 month period:	At 1 January 2023	Incoming resources	Resources expended	Gains and losses	At 31 December 2023
	£	£	£	£	£
General funds	131,392	33,490	(80,869)	3,682	87,695

19 Analysis of net assets between funds

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
At 31 December 2024:			
Tangible assets	4,288	-	4,288
Current assets/(liabilities)	173,772	-	173,772
	178,060	-	178,060

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
At 31 December 2023:			
Tangible assets	6,320	-	6,320
Current assets/(liabilities)	81,374	182,480	263,854
	87,694	182,480	270,174

20 Related party transactions

There were no disclosable related party transactions during the year (2023 - none).